

**APPENDIX I (CLEAN CLAIMS)**

1. (Amended) A method of modulating an immune response comprising administering to an animal, in need thereof, a composition of soluble polypeptides according to SEQ ID NO: 2 or a portion thereof, in an amount effective to modulate the levels of TREM-1 and /or ligand binding activity whereby the immune response is modulated in the animal.

2. (Amended) The method of claim 1, wherein said polypeptide can have additions, deletions, fusions and/or substitutions of amino acids in any combination of SEQ ID NO: 2 or a portion thereof.

3. (Amended) The method of claim 1 or 2, wherein said immune response is an inflammatory response.

4. (Amended) The method of claim 1 or 2, wherein said polypeptide is admixed with a pharmaceutical carrier.

5. (Amended) The method of claim 1 or 2, wherein the animal is suffering from a disease or condition is selected from the group consisting of organ transplant/rejection, bone marrow transplant/rejection, graft versus host disease, infectious disease, and an autoimmune disease.

6. (Amended) The method of claim 5, wherein the disease or condition is an infectious disease and which is septic arthritis or septic shock.

7. (Amended) The method of claim 5, wherein the disease or condition is an autoimmune disease and which is rheumatoid arthritis, lupus, multiple sclerosis and ulcer.

8. (Previously Presented) The method of claim 1, wherein the composition modulates LPS-induced cytokine production.

9. (Amended) The method of claim 1 or 2, wherein the animal is a human.